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THE FORTUNE OF JOHN JACOB ASTOR

II. INVESTMENTS IN REAL ESTATE

Thus far only the trading ventures of John Jacob Astor have been discussed. But it is not, therefore, to be inferred that they were the sole species of gain-getting with which Astor was identified. In fact, it is well-known that the returns derived from trade were quantitatively a comparatively insignificant portion of the great fortune which he transmitted to his descendants, the bulk of that fortune being derived from real-estate investments in and around New York City. Nevertheless, the profits that grew out of Astor's early operations in the fur-trade and in foreign shipping afforded the means necessary for embarkation upon his policy of land investment. Consequently, the initial stages in the development of his trading interests gain added significance as the indispensable antecedents of a later era of bewilderingly rapid expansion of wealth.

As early as 1800 Astor adopted the policy of utilizing his mercantile gains in the purchase of land just beyond the city limits. He gradually sold this land as its price advanced, in order that more extensive tracts somewhat farther out might be bought with the proceeds. Parton tells a story that serves to illustrate his methods. In 1810, it is said, Astor sold a lot near Wall Street for \$8,000—a sale highly pleasing to the purchaser, who averred that in a few years it would be worth \$12,000. "Yes," said Astor, "but with the \$8,000 I will buy eighty lots above Canal Street, and by that time my lots will be worth \$80,000."

It was somewhat prior to the date of this prudent sale, that Astor bought up the rights of succession to certain lands in Putnam County¹—a purchase destined to bring his name into

¹ Cf. Parton, *Life of John Jacob Astor*. Cf. also, *Niles' Register*, February 27, 1819; June 7, 1828; March 20, 1830; June 26, 1830. Cf. also, the case of Jackson vs. Carver, Circuit Court of the United States for the Southern District of New York. Reported by E. V. Sparhawk for the *New York American*. Publisher, Elam Bliss, New York, 1827.

rather unpleasant repute. At the outbreak of the Revolutionary War about one-third of the lands in Putnam County had been held by Roger and Mary Morris, but, as they were loyalists, their holdings had been declared attainted, and had been taken over by the state. In some way, John Jacob Astor learned that the Morrises had possessed only a life-interest in the property, and that upon their death, their heirs could still inherit it, the attainer not operating to divest the latter of their rights of succession. Astor thereupon purchased the rights of the heirs (1809) for the sum of \$100,000. At the time about seven hundred families were settled on the property, residing there under titles given them by the state, and quite ignorant of the fact that they were in imminent danger of dispossession. Some years later, there was great consternation when Astor made known his claims, and the state legislature at once appointed commissioners to inquire into the matter and see what could be done. At that period the lands in dispute were conceded to be worth \$667,000, but Astor's offer to settle with the state for \$300,000 was nevertheless refused. Thereupon negotiations were dropped, not to be renewed until 1818. Roger Morris had then been some time dead, and his widow was advanced in years and very feeble. Consequently, it was evident that the ownership of their former estate would soon vest in the purchaser of the rights of succession. The matter of a settlement was again agitated and this time Astor offered to take \$300,000 with interest for the four years that had elapsed since his first offer. But once more he met with a refusal, and, no further action was taken until 1827, when the legislature enacted a law which provided that Astor should be offered a certain price for his claims, if, within thirty days, he executed a deed of conveyance in fee simple to the state, with a warranty against the claims of the Morris heirs.² However, before he could receive any part of the sum agreed upon, he must obtain a judgment of the United States Supreme Court in favor of his title.

In 1830, Astor's claims were sustained by a decision of the Supreme Court in the first one of five suits, which, it had been

² Mary Morris had died before this last-named date.

arranged, should be prosecuted to a final judgment. It had also been agreed that, if three of these suits should be decided in his favor, he was to receive from the state \$450,000 in payment of his rights, subject to a deduction of \$200,000, in case the court held that buildings and improvements did not go with the ownership of the land in dispute. In June, 1830, a third verdict was rendered which meant victory for Astor. He received the full amount of \$450,000, with interest from April, 1827, for a property which by that time had attained a valuation of \$1,500,000. The sturdiness with which this claim was pushed to a successful issue in the face of vituperation shows the character of the man. Judging from such evidence, it would certainly seem that he was devoid of those non-commercial and extra-legal standards of right-dealing which hinder many men in their advance toward fortune.³ The incident obviously brings out traits of disposition which have undoubtedly been important factors in the acquisition of wealth by individuals such as he.

During the War of 1812 Astor loaned large sums on real-estate security and had numerous opportunities to foreclose the mortgages thus acquired under conditions most favorable to himself. Likewise, during the panic of 1837, when real estate was a drug on the market, he reaped an unprecedented harvest. At that time he is said to have appeared as a complainant in some sixty different suits, in nearly every case obtaining valuable properties at absurdly low prices.

But it was not only during periods of financial distress that Astor secured extraordinary bargains. His ability to diagnose

³ In one of the early suits that came to trial in the United States District Court for the Southern District of New York (*Jackson vs. Carver*, 1827), the case for the tenants holding under the state was argued by Webster, who made a straight appeal to the prejudices of his hearers, since he had a very weak legal defense. "The lands to be affected by a verdict in this case were held as a patrimony by the defendants. They had purchased them from the original patentee; they had labored for years to improve them. The rugged hills had grown green under their cultivation before a question was raised as to the integrity of their titles. They have grown with the lands around them and they have a right to retain them until a legal claimant comes to turn them out of possession. And unless the testimony upon which that individual founds his claim is as clear as possible it is your duty to reject his title and retain the lands in the hands in which they now are."

probable future developments enabled him at all times to buy for insignificant sums unimproved or remote properties, which later came to be valued at many times the prices originally paid for them.⁴ For instance, William Waldorf Astor says, when speaking of his great-grandfather's investments in real estate:

These purchases were made with such judgment in the line of approaching expansion, as frequently to be sold again after a few years for double or treble what he paid for them. One of these farms purchased in 1811 for \$900 is now worth, with its improvements, \$1,400,000.⁵

A discussion of the immense gains derived by John Jacob Astor from land investments must not lose sight of the fact that those investments were made under peculiarly propitious circumstances. They were begun when the land was young and relatively undeveloped, and they persisted during a period of extraordinary growth—a period during which New York was assuming ever greater importance as the commercial center of a country whose trade and industry were advancing by leaps and bounds. The rapid appreciation of land-values which took place could hardly have occurred in an older community, where conditions are more stable and development progresses at a steadier pace. Moreover, in an old country there is not the same tendency to sudden shifts of the commercial center of gravity, as there is in a new one, whose resources are being continually developed, and whose facilities for transport are being improved. For

⁴ For instance, \$2,000 is said to have been the purchase price of a block in Harlem worth \$1,000,000 today. Numerous lots on lower Broadway, bought at various times for \$200 or \$300 are now estimated to be worth from \$300,000 to \$400,000. An East Side farm that cost Astor \$20,000 has a present-day valuation of \$8,000,000. For \$75,000 he purchased one-half of Governor Clinton's Greenwich estate. Later Clinton's son-in-law borrowed money of Astor on the security of real estate, which was eventually taken over by the latter for non-payment of debt. Nearly two-thirds of the Clinton property thus came into possession of the Astor family, which today, it is estimated derives a yearly income of \$500,000 from the buildings erected upon it.

These details are taken quite uncritically from an article by Burton Hendricks in *McClure's Magazine*, April, 1905. There seems no reason for doubting their substantial truth, however, and they gain added credence in the light of the statements made by William Waldorf Astor in an article in the *Pall Mall Magazine*, Vol. XVIII.

⁵ *Pall Mall Magazine*, Vol. XVIII.

instance, the completion of the Erie Canal in 1825 at once threw a large part of the western trade, which had formerly gone through Baltimore and Philadelphia, toward New York; and, in addition, it led to an increase in the amount of products carried, since it so cheapened the cost of transportation as to bring new lands toward the northwest into the market.⁶ There would of course be every reason to expect a rapid augmentation of the population, trade, and land values of New York City, as a result of these changes. The statistics of growth of the period from 1820 to 1850 are indeed astonishing,⁷ and it is not surprising, in

⁶ Andrews, *Report on the Colonial and Lake Trade* (1852), pp. 275, 276.

⁷ Statistics showing the amount of the imports and exports of New York City for a series of years bear excellent witness to its unusual growth as a center of foreign shipping, and these statistics are especially significant when compared with the figures for Boston and Philadelphia, both of which cities at one time excelled New York in the magnitude of their foreign shipments. The value of the imports into Boston, Philadelphia, and New York for the period from 1820 to 1850, are as follows:

	Boston	Philadelphia	New York
1820.....	.....	\$ 8,150,000	\$ 26,020,000
1830.....	.....	9,520,000	38,650,000
1840.....	\$14,820,000	8,460,000	60,000,000
1850	28,650,000	12,060,000	116,660,000

The value of the exports are:

	Boston	Philadelphia	New York
1820.....	.....	\$ 5,740,000	\$ 11,760,000
1830.....	.....	4,290,000	17,600,000
1840.....	\$8,230,000	6,820,000	32,400,000
1850.....	9,140,000	4,500,000	47,580,000

The population of the city grew during this period from 123,706 in 1820 to 515,394 in 1850.

Statistics showing the increase in value of the real and personal estate held within New York City are as follows:

1824 . . . . .	.....	\$ 83,070,000
1830 . . . . .	.....	125,280,000
1840 . . . . .	.....	252,230,000
1850 . . . . .	.....	286,080,000

These figures are, however, practically worthless for purposes of comparison as the methods of valuation varied widely from year to year. Moreover, the increase in the extent of the city lands is not known, and consequently there are no means of estimating the amount of the "unearned increment" accruing to a fixed area during this period. Then, too, personal property as well as realty is included in the estimates. Cf. Andrews, *Report on the Colonial and Lake Trade* (1852), pp. 282-88.

the light of the development that took place, that John Jacob Astor who began to invest in real estate in 1800, when New York was little more than a good-sized town, should have died seized of holdings valued at from \$18,000,000 to \$20,000,000.⁸

In conclusion, it should be said that information regarding the nature and extent of John Jacob Astor's real-estate holdings is very scanty, and frequently of doubtful authenticity. The tax records of New York City throw no light on the subject,⁹ and no definite knowledge is to be got from a study of Astor's will, since, after making various minor bequests, chiefly of land, he devises the rest of his property without further specification to his son, William B. Astor.¹⁰ Detailed information is therefore lamentably lacking, but the facts that are obtainable will, it is thought, prove sufficient to furnish material for certain broad generalizations, and to afford the data necessary for purposes of comparison with other phases of Astor's activity.

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⁸ Having acquired an immense landed estate, it was no part of Astor's purpose to make all the improvements upon it himself. He frequently rented out lands for twenty-one-year periods upon a net basis of 5 or 6 per cent., leaving to the tenant the erection of dwellings, payment of taxes, and making of repairs, the buildings and other improvements to become the property of the owner of the land upon the expiration of the lease. In consequence of the hard terms exacted, large blocks of land, it is said, were left vacant or else covered with the flimsiest sort of structures. Cf. Burton Hendricks, "The Astor Fortune," *McClure's Magazine*, April, 1905.

⁹ The tax records of the city of New York give no information concerning the ownership of the parcels of real estate assessed. The president of the Board of Tax Commissioners of New York City (Borough of Manhattan) thinks that the only way to obtain even a partial knowledge of the extent of the real-estate holdings of John Jacob Astor is to undertake an elaborate search through the records in the County Register's office.

¹⁰ Parton, *Life of John Jacob Astor*, to which is appended a copy of his will. The only investments mentioned in the will, other than those in real-estate, are as follows: \$100,000 in New York City 5 per cent. bonds; \$50,000 in New Haven 5½ per cent. bonds; certain sums deposited in the New York Life Insurance and Trust Co.; 500 shares of the capital stock of the Bank of North America; 1,000 shares of the Manhattan Co.; 1,000 shares of the capital stock of the Merchants' Bank; 1,604 shares of the capital stock of the Mechanics Bank. These scattered items are probably of no great significance for present purposes.